

Indofills Industries – A Venture seeking Turnaround

Dr. Jitendra Patel¹, Dr. Sukhmeet Matharu², Dr. Ravi Changle³,
CA. Dr. Sachidanand Pachori⁴

¹ Assistant Professor, SVKM'S NMIMS, Indore, India

^{2,4} Associate Professor, Prestige Institute of Management and Research, Indore, India

³ Practice Lead, Compunnel Digital, Mumbai, India

⁴ Assistant Professor, Prestige Institute of Management and Research, Indore, India

Abstract

Entrepreneurship is all about managing risk. Many studies have suggested that entrepreneurship is prevalent in tier II and tier III cities of India. The present case study also highlights the story of the entrepreneur from the tier II city of India, Indore. The case study covers important traits of an entrepreneur, what are the important decisions an entrepreneur takes in his life, and also how different business environmental factors and socioeconomic status of a particular area will impact the entrepreneurial venture. The case can be used by academicians to discuss various aspects of entrepreneurship in class and the industry and budding entrepreneurs can use this case for getting exposure to entrepreneurship in a small town in a developing nation like India.

Keywords— Entrepreneurship, Entrepreneurial Traits, Risk-Taking, and Tier-II cities

I. INTRODUCTION

‘At the genius age of 40, Mr. D.K. Jain – a B.Sc graduate has already accomplished more than what the others do by utilizing varied intellectual resources. He has transformed a provincial business into an existing successful venture’.

According to Victor Kiam ‘Entrepreneurs are risk-takers, willing to roll the dice with their money or reputation on the line in support of an idea or enterprise. They willingly assume responsibility for the success or failure of a venture and are answerable for all its facets.’ The word entrepreneur is derived from the French word *entre*, meaning ‘between’ and *prendre*, meaning to take. The word was originally used to describe people who ‘take on the risk’. Entrepreneurship is all about managing risk. Many studies have suggested that entrepreneurship is prevalent in tier II and tier III cities of India. These entrepreneurs have proven themselves by working against all odds in business plans and achieving extraordinary success in their area of business. In Entrepreneurship, the main focus is on various

aspects of business-like Manufacturing, Marketing, Finance, Human Resource Management, Product development Feasibility analysis, etc. But we tend to forget about the tendency toward entrepreneurial characteristics or traits. One of the important parts of Entrepreneurship is an entrepreneurial tendency (Bulsara, et al., 2011).

Mr. Jain is a Graduate of Science, with a zealous approach to learning every time. His strong willpower and self-motivation led to the strong foundation for his company Indofills Ltd. The idea for establishing a separate venture was augmented in the mind of Mr. Jain while working in an Automobile Ancillary development company named Gajra Gears Ltd. in the year 1993. The business was set up after the family of Mr. Jain witnessed a separation. His brother was then working on the projects of manufacturing Cooling Towers for the local supply. Mr. Jain then thought of being attached to the brother’s company by becoming the supplier of PVC fills, which were bought by the company from other suppliers. But unfortunately, that equation didn’t work out. Mr. Jain was then left with a choice none other

than to manufacture and supply the PVC fills to other clients. In the year 1999, he pumped in Rs. 25,000 along with a loan from a bank and started business operations by owning land. In the year 2001, a shed was developed in the industrial area for the manufacturing process. The primary clients were Nicholas Piramal and Man Industries. The two most promising reasons for the business' success as quoted by him were Confidence and Commitment. The Company was so trustworthy to its clients that even though there was no telephone facility within the venture; still they were receiving the orders. Once, Mr. Jain happened to visit the Bombay Exhibition Centre in Mumbai, then and there he came across the idea of expanding his business. Though he belonged to a non-engineering background, he learned every technical and manufacturing process from the books. No formal training had been undergone for him.

The entity of Mr. Jain successfully launched its HDPE Pipeline Fabrication business, Cooling Tower manufacturing, creation and installation of centralized Air Conditioning, Fume extraction system, for their varied prospects from different industries viz., Pharma, Textile, Solvent plants, Automobile Industry, etc. The only learning source for Mr. Jain was the books that he read ardently. He not only excelled in technological aspects but also learned Tally by himself, and practiced AutoCAD too. The major features which he quoted to be a successful businessman were Fearlessness and employment of energy in business and not the formalities. The major challenges which the organization faced were financial challenges. Mr. Jain's being a passionate entrepreneur was looking for new ventures which could enhance the growth and sustainability of his existing business. Without wasting time, he took the decision to enter into varied businesses.

Mr. Jain encountered a liquidity crisis after entering into various diversified projects like setting up Microwave systems on mobile towers. The investments were made in the year 2010 which proved to be futile for the Venture. As per Mr. Jain, the venture suffered because of

the lags in payment policies of the major telecom operators. The venture's HR policies were effective for the retention of employees. The employees were hired and trained on vocational grounds, even though they were technical novices. The venture did not believe in hiring marketing professionals, as hiring them would mean more orders. Mr. Jain felt that this could spoil their name due to the inability to meet the demand of excessive clients with timeliness. Still, Mr. Jain is dubious whether he had taken appropriate actions throughout and is looking for the so-called options to 'come out of the entity's liquidity crisis.

II. QUESTIONS FOR DISCUSSION

- Q1. Discuss the entrepreneurial traits of Mr. Jain.
- Q2. Perform a SWOT analysis for the Venture.
- Q3. Do you think Mr. Jain had taken appropriate decisions throughout the tenure of his venture?
- Q4. What measures would you suggest to Mr. Jain for overcoming the Liquidity crisis?

III. TEACHING NOTE

This case was written and developed during the 32nd National Case Writing Workshop organized by Prestige Institute of Management and Research, Indore. This case can be used for class discussion while management Faculties explain the concept of Entrepreneurship or when they illustrate the concept of Challenges faced by Entrepreneurs.

No part of this publication may be copied, stored, transmitted, reproduced, or distributed in any form or medium whatsoever without the permission of the copyright owner.

This case was made possible with the general cooperation of Indofills Industries. The case is intended as a basis for class discussion rather than to illustrate either effective or ineffective handling of management situations.

3.1 Summary of the Case

Indofills Industries is a venture of Mr. D.K. Jain is a young entrepreneur full of confidence and a zealous approach to learning. He started his

venture in 1999 and successfully managed it with reputed and well-known clients. In his strive towards expansion; Mr. Jain took a decision to invest in the varied business. This decision proved to be futile for the existing business as he encountered a liquidity crunch due to insufficient working capital in the existing business. Apart from this, he feels that somewhere he lagged in taking appropriate marketing and HR decisions which have affected the successful performance of his venture.

3.2 Teaching objectives and target audience

The purpose of the case is to highlight to the students and to the participants the concept of entrepreneurship and various entrepreneurial traits. The case also covers various other issues like challenges faced by the entrepreneurs in handling the financial, marketing, and HR issues as well as facing the competition in the market while striving for expansion. The target audience is second-year management students. This case can be taken when the faculty teaches subjects like Entrepreneurship and strategic decision-making.

3.3 Teaching approach and Strategy

The Teacher should start the case with a general discussion on Entrepreneurship. The teacher should discuss the story of some well-known entrepreneurs in India and the World to sensitize the topic. The teacher should further discuss the trait of Entrepreneurship and try to relate it to Mr. Jain. The teacher should also discuss the challenges faced by entrepreneurs as that faced by Mr. Jain. The teacher should discuss the major reasons for the failure of startups in India and the world over also teacher should discuss the success mantra of Mr. Jain and how to make a business successful in the long term by adding value to it. The participants should be aware of the concept of entrepreneurship, and entrepreneurial traits. The participants can refer to the books and challenges on these issues. The case should be analyzed firstly at the individual level and then in a group of 4-6 participants.

3.4 Analysis

The case is based on Entrepreneurial traits and Challenges and is a close-ended case. This case has the following four questions.

IV. ANSWER THE QUESTIONS

Q1. Discuss the entrepreneurial traits of Mr. Jain?

Ans: Mr. Jain is an entrepreneur in the real sense. He has strong willpower, self-motivation, confidence, commitment, trustworthiness, zeal for learning new things, readiness to adopt new technology, accepts challenges with a fearless attitude, optimist attitude, full of zeal and vigor.

Q2. Perform SWOC analysis for the Venture?

Ans:

Strength	Weakness
Zeal for Achieving Success Technical Expertise Personal Training to the Staff Attentive and personalized Customer Service Proper and Expert Supervision for workers	Small team No technical Background Insufficient place Lack of liquidity Additional investment affected liquidity.
Opportunity	Challenges
Expansion in Future Product Diversification Improved Customer Service Diversification is another market	Other Competitors in Industrial Market Supervision is difficult due to the expansion Difficult to focus on individual customers with an increase in customer base.

Q3. Do you think Mr. Jain had taken appropriate decisions throughout the tenure of his venture?

Ans: Mr. Jain is capable of taking strategic decisions throughout. However, some of his decisions have proved to be futile for his venture like the decision of investing in

diversified ventures which have affected his working capital management of the core business and this liquidity crunch has finally affected the performance of his business. He could also enhance the profitability of the business by taking appropriate marketing decisions.

Q4. What measures would you suggest to Mr. Jain for overcoming the Liquidity crisis?

Ans: The liquidity crisis can be addressed by taking the help of a financial institute and government body supporting the industrial sectors. A short-term loan can be taken for dealing with a financial crisis. Another measure is to go for a public offering. The indofills need to be more professionally managed through better financial management by hiring a financial manager to overcome liquidity crises.

V. ADDITIONAL READINGS OR REFERENCES

The trainer can explain the concept of working capital management while explaining the case. The trainer can also explain how Mr. Jain can plan the expansion of his business by analyzing the following points.

- The Indofills is concentrating more on local markets confined to Indore and nearby areas. It can be expanded in other states and can expand nationally.
- The product lines of Indofills can also be expanded by analyzing the industrial depends on similar kinds of products.
- The sales and marketing of Indofills can also be expanded in some international markets, especially in other emerging markets like Africa and Latin America. The study of demand for such products can be undertaken to know the export potential for Indofills.
- The other option can be to collaborate with big national or international players in a similar industry to expand.

VI. FEEDBACK

The case has been analyzed and discussed among the MBA students in a group of 4-5 students and faculty members who had expertise in the area of Entrepreneurship. It has

been observed that students have interestingly discussed, understood, and applied the concept of entrepreneurial characteristics, and strategies to cope with the challenges faced in successful operation and expansion of business.

REFERENCES

1. Bulsara, P.H.; Gandhi, S.; Porey, P.D. (2011). *Enterprising Tendency: A Comparative Study of Select Cases in India*. International Conference on E-business, Management and Economics IPEDR, Vol 3. IACSIT Press, Hong Kong.
2. Desai, Vasant, 'The Dynamics of Entrepreneurial Development & Management; Himalaya Publishing House, New Delhi.
3. Kuratko, Donald F. (2013) 'Entrepreneurship an Introduction'; Cengage Learning, New Delhi.
4. Mohanty S. (2006). *Fundamentals of Entrepreneurship*, New Delhi; Prentice-Hall India.
5. Shaper, M. et al. (2013) 'Entrepreneurship and Small Business', 3rd Asia Pacific Edition. Willey Publications.